

* T H E H O N ' B L E S R I J I
+ W . P . N o . 2 2 8 0 0
% 2 1 - 9 - 2 0 0 7
V . R a n g a R a j u s / o . S
P e t i t i o n e r

A n d

\$ F o o d C o r p o r a t i o n o f
1 6 - 2 0 , B a r a k h a m b a R o
N e w D e l h i ,
R e p r e s e n t e d b y i t s M a
a n d o t h e r s . .
R e s p o n d e n t s

< G I S T :

> H E A D N O T E :

! C o u n s e l f o r p e t i t i o r
^ C o u n s e l f o r r e s p o n d
K . R a g h a v a c h a r y u l u
C o u n s e l f o r r e s p o n d e
? C A S E S R E F E R R E D :

N I L

T H E H O N ' B L E S R I J U

W . P . N o . 2 2 8 0 0 o

D a t e 1:- 9 - 2 0 0 7

B e t w e e n :

V . R a n g a R a j u s / o. .. S o m
P e t i t i o n e r

A n d

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1 6 - 2 0 , B a r a k h a m b a R o
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a n d o t h e r s . .
R e s p o n d e n t s

T H E H O N ' B L E S R I J U
W . P . N o . 2 2 8 0 0 o

O R D E R :

1 . H e a r d M s . D . G e e t a
r e p r e s e n t i n g t h e w r
K . R a g h a v a c h a r y u l u a
l e a r n e d C o u n s e l r e p
r e s p o n d e n t s .

2 . T h e W r i t P e t i t i o
M a n d a m u s o r a n y o t h e
l e t t e r N o . S & C 1 6 / 4 3 /
r e v i s i n g t h e r a t e f r o
A S O R f o r h a n d l i n g a n
I n v e s t o r s G o d o w n , P a
a n d c o n s e q u e n t l y s e t
l e t t e r N o . S & C . 1 6 / 4 3 5 / - 2

2005 of the Senior Corporation of India consequently to direct the handling and transport at the rate of 499.45% pass such other suits as 3. It is stated in para support of the writ constructed a godown under the seven year hired by the State Warehouse Food Corporation petitioner entered in State Warehousing Corporation Food Corporation of godown w.e.f., 15-5-2 for a period of 5 years of India headquarters communicated its appointment as handling nomination basis duties further stated in para taking the investors guarantee scheme, it handling and transport

and initially they were years on no. In a separate paragraph, the Corporation of India appointment of investment contractors on nominating guarantee. We have also appointed contractors on nominating Corporation of India Warehousing Corporation appointment of contract Corporation of India and when a proposal Warehousing. The Corporation be executed at the rate of SWC / CWC / FIC. It is also to be executed in terms of the Corporation of India Corporation, the A. Corporation had invited contract of handling Palakol godown at the nearby Food Corporation. i.e., 502 % of the total, executed an agreement

State Warehousing Co
appointment as handl
respect of receipts d
godown release of the
the rates specified i
part of the agreemen
commencing from 29-9
the contract is exten
or till alternative ar
State Warehousing Co
regular handling Andh
of execution of the c
was also taken from t
that the agreement t
transport works at 50
years extendable by
approval by the ratel
is also further state
the Senior Regional I
India, vide letter No.
3-2-2005 communicate
A.P. State Warehousi
to the District Manag
Tadepalligudem that
had scrutinized and f

at 499.45% ASOR as
ASOR on the promise
godowns which were f
rate and as such a
Warehousing Corporat
both investor godown
District Manager, Fo
Tadepalligudem was
handling and transpo
only to Investor God
2005. It is also stated
submitted the bill f
expenses and the bil
for the period 1-1-2004
although submitted at
499.45% ASOR and th
Food Corporation of
Tadepalligudem vide
said amount was in tu
A.P. State Warehous
is further stated in
Senior Regional Manag
No. S & C 16 / 43 / 250-022-1/2000
letter addressed to

State Warehousing
modified the rate com
2 - 2005 for 404.18% T A
letter d5a-t2e-d2 0 0 5 refer
of the rates on the k
S W C Investor Godown
rates for siTmhi e a s a d p e l
the handling and tra
earlier is irrational
also further stated in
A . P . State Warehous
addressed a letter
Palakol / 983 / 2004 - 06
appointment of the p
transport contractor
the basis of the Foo
rates a H o P w a e l v a k r o , l . t h e F
India had made 5 % l
accepted it at 499.45
therefore directed th
accept the rate of 49
as per the norms and
Warehousing Colrnp or reast
the said letter, the
letter No . S & C 16 / 43 /

communicated the rat
9 - 2 0 0 4 for a period
Aggrieved by the let
Manager dated 5 - 3 - 2
petitioner is constrai
Petition for apprais
stated in para - 8 of
Corporation of India
DO letter No . E 4 /
years / Guarantee / vol . I
communicated to the
Food Corporation of I
Warehousing Corporat
taken by the A . P . St
for appointment of ha
of S W C godowns hired
and that the Food Co
to the rates as and w
from the A . P . State
that the agreement sh
the rates equivalent
depots and the said
the A . P . State Ware
investments of the

2004, the A.P. State
taken the initiative of
the investors in respect
their appointment as
contractors and the
letter dated 29-9-20
Management. Senior Regional
competent authority of
of India to accord a
entered into by the
Corporation for the
of the Investment
9 that accordingly vi
rate was approved at
2004. Having approved t
the norms and proce
Warehousing Corporat
of Food Corporation
Senior Regional Mana
has no power or auth
vide letter dated 5-3
424.74% vide Tdhaet esda id
the part of the Senio
the Food Corporation
arbitrarily. also further

affidavit that the he
 Corporation of India
 Warehousing Corporat
 and enter into an agr
 to the nearest SWC /
 present case, the ra
 basing on the rate o
 depot at H P w a d a k o l . the
 Manager had reduced
 499.45% ASOR and thu
 Regional Manager to
 Further, in para - 11 o
 the lett e5r- 3 d 2 1 0 e0 d5 doe
 reasoning for reduci
 404.18% and thu5 - t3h- e2
 irrational Sainmdi l a r b y t r a
 19 - 9 - 2005 also doe
 revising the rate to
 letter dated 3 - 2 - 2005
 General Manager (B &
 Warehousing C o r p o 2 a 0
 clearly show that the
 502% ASOR or 499.45
 circumstances, it colu

is also further stated
the different rates of
Regional Manager's of
of India, the respondent
amounts for the period
action is equally there
Corporation of India
should have acted for
its decision to abide
State Warehousing Co
the agreement with
handling and transport
it to vary the rates
without any sanction
writ petitioner approach
Article 226 of the Co
the reliefs which had
4. Counter affidavit
respondents 1 to 3 that
respondent the counter
respondents 1 to 3 in
privity of contract with
India and the petitioner
Petitioner is liable to

alone. Further, the
maintainable since the
contract between the
respondent also pertains
an arbitration clause
the Contract dated 29
that when there is a
contract, resorting to
including filing of the
petitioner. also further
the writ petitioner has
with the respondent for
contract and the Food
and the Food Corpo
agreed to store its grain
at the respondent's
further stated that the
statutory body established
Parliament to deal with
distribution of food grain
of India. to acute shortage
during 2001-2002 on
the Government of India
storage worthy food grain

4th respondent sent to
Food Corporation of India
Godowns in A.P. Region
of Godowns by private
MTS. capacity to 500
godowns were let out
on monthly storage
guarantee rate of Rs 100
through bilateral agreement
the handling and transportation
Investor godowns to
nomination basis at 5
in the nearby SWC row
two years extendable
this had happened when
was due to expiration
offered to the Food Corporation
the Investors on the
another two years contract
The writ petitioner has
the 4th respondent to a bid
Food Corporation of India
presently in the list of
the Food Corporation

finalise the rates of
and the Food Corpora
sample. It is also stated t
the respondent to bri
negotiations or by ca
be, to invite the t
resolved to appoint c
as it has authority t
bilateral agreement
concern of the Food C
rates offered for han
the rates so offered
keeping in view of ec
as the interest of th
paramount. It is id
got contract on nom
respondent cannot co
India to accept the r
user. If the writ peti
the rates offered by
he has to take up the
and even can invoke
petitioner cannot bin
in any manner which

that merely basing on Corporation of India cannot be permitted. The headquarters of F instructions to accept contractors' proposals does not mean to accept the rates. Food Co found the rates fixed irrational comparison fixed by Government. Further, the Food Co Palkol cannot be equated of the writ petition maintained. It also further correct to say that it had made unilateral transport rates of India. The Food Corp not accepted the rates only in respect of goods finalized by the Government and are unreasonable and are in consideration the price.

handling and transportation of India
 Corporation of India
 for reasonable rates
 compel the Food Corp
 agreementth with the 4g
 2004 contract for Pal
 godowns, SWC owned
 as referral godown and
 was fixed. the rate fi
 Investor godown was
 rate had been exten
 godown. There fore there
 reducing the rates of
 the Food Corp. and the
 Corporation of India,
 and upon recommenda
 fixed its rates for h
 and as such there is
 the Food Corp. and the
 averments made in th
 respondents 1 to 3 i
 Petition be dismissed
 5. Theth respondent fi
 and the Secretary of

Corporation had said that
stated that Sri V. R. N.
35000 M.Ts. godowns
under seven years
Corporation of India
Warehousing Corporation
payment of rentals to
seven years but not for
and transport contracts
appointment of investment
contractors on nominal
period is only options
further stated that
commencement of these
handling and transport
were initially given
nomination basis for
was no time for con-
tender. After completion
the term of the con-
Manager, Food Corpora-
suggested A.P. State
renew these contracts
to attain a competitive
Investors of these pr-

Managing Director, Food
Delhi for renewal of
contracts to them on the
remaining period of
guarantee period. (T
Contracts), Food Cor
vide D.O. Letter
Yrs. / Guarantee / V2031-.019
addressed to the Sen
Corporation of Ind
communicating the ap
Investors and the
office stating that the
Corporation has to the
Corporation of India
and when approval was
State Warehousing Co
rates prevailing at
depot is also further
Raju was appointed
contractor at Palakole
equivalent rates of
India, Palakole at 50
the relevant agree me

Senior Regional Manager,
 India, Hyderabad for
 the time of execution
 Raju had given an un-
 502% ASOR (Above Sc
 to approval of Food
 reason that the contr
 nomination basis and
 is the paying a T h b o A i
 Warehousing Corporat
 agent in appointing h
 on behalf of the Food
 A . P . State Warehousi
 5 % of the billing am
 Corporation of India
 towards handling a m d
 a very nominal amoun
 Corporation cannot be
 of huge differential
 arise out of it s e a l c s o n t f i
 the Senior Regional I
 India, Hyderabad vic
 communicated the har
 499.45% ASOR conse
 concede the r A t e s o r d t

D i s t r i c t M a n a g e r , F o
T a d e p a l l i g u d e m h a d s
t o 3 1 - 1 - 2 0 0 5 a t 4 9 9 a l
s t a t e d t h a t i n a s h o r
l e t t e r d a t e d 5 - 2 - 2 0 0 5
F o o d C o r p o r a t i o n o f
c o m m u n i c a t e d f u r t h e r
4 9 9 . 4 5 % A S O R t o 4 0 4 .
d e c i s i o n s o f t h e i r H e
t h e d e c i s i o n o f t h e B
W a r e h o u s i n g C o r p o r a t
A . P . S t a t e W a r e h o u s i
t h e S e n i o r R e g i o n a l I
I n d i a , H y d e r a b a d t o
A . P . S t a t e W a r e h o u s i
c o n c l u d e d o n c e r t a i n
w a s a l s o r e q u e s t e d t
r e d u c t i o n i n h a n d l i n g
r a t e s d r a w n o n n o r m a
r e p l y f r o m t h e F o o d C
i s a w T a h e e s a m e m a t t e r
w e r e t a k e n t o t h e n o
I n d i a h e a d q u a r t e r s , N
r e c e i v e d i s s o a l s o f u r t l

no response from the
 regarding reducing the
 normal Trade S.A.. P. Sta
 Corporation had again
 Regional Manager, F
 Hyderabad on 1-7-200
 but to the ^{tshu} ~~u~~ p p iosned eo n
 the rate was partial
 from 404.18% ASOR to
 furnishing any modal
 reductions and ~~esca~~ l
 Corporation of India
 points raised in Writ
 handling and transpo
 w.e.f., 2T9h-e9 - ~~A~~ 0 P0.4. Sta
 Corporation has no rc
 petitioner in the pres
 6. In the light of th
 by the parties, it is
 privity of contract be
 India and the writ pe
 not in serious contro
 there is an arbitrat
 Clause 10 of the clon

also not in serious conflict with the
placed parties already in the
Clause in the light of the
similar contracts as in
7. In the light of the
without expressing any
and demerits of the
respective stands taken
of the considered opinion
not justified in applying
Article 226 of the Con-
petitioner is having
Clause in the light of the
further in the light of
Court may have to ex-
review under Article
in the context of the
appropriate to give
invoke the arbitral
Viewed from any angle
considered opinion that
writ petitioner under
of India being a mis-
be granted.

8. Accordingly, with

t h e W r i t P e t i t Noon oirsd
c o s t s .

J u s t i c e P

D a t e - 9 - 2 0 0 7

L . R . c o p y t o b e m a r k e

A M